

## NOTICE OF PENDING LEGISLATION

DATE

28 June 1955

LEGISLATIVE BILL NO.

S. 1644

## SECTION I

## GENERAL

TO : ☒ Director of Logistics

25X1A9a

FROM: LEGISLATIVE COUNSEL  
OFFICE OF GENERAL COUNSEL

THE ATTACHED BILL, WHICH HAS BEEN INTRODUCED INTO CONGRESS, IS:

☐ SENT TO YOU FOR INFORMATION ONLY.☐ A BILL ON WHICH FAVORABLE CONGRESSIONAL ACTION ☒ IS ☐ IS NOT PREDICTED.☒ SENT FOR YOUR COMMENT AS TO WHETHER IT IS OF INTEREST TO CIA ACTIVITIES, AND WHETHER FURTHER ACTION BY THIS OFFICE IS NECESSARY OR DESIRED.

IT IS REQUESTED THAT COMMENTS CONCERNING THIS LEGISLATION BE FORWARDED, THROUGH APPROPRIATE CHANNELS, TO THIS OFFICE, BY \_\_\_\_\_

FOLD  
HEREFOLD  
HERE

## SECTION II

## COMMENTS (From Original Addressee)

TO : LEGISLATIVE COUNSEL  
OFFICE OF GENERAL COUNSEL

FROM: Office of Logistics

1. Legislative Bill No. S-1644 would require each major category of mechanical work in a construction project to be listed or set-out in the pre-bid documents on lump-sum construction contracts. Further, the contracting agency would be prohibited from awarding the contract, even to the lowest bidder, unless the prime contractor specified the name of each sub-contractor with whom he would contract for performance of each major category of mechanical work. After awarding the contract, the prime contractor would be prohibited from changing the mechanical sub-contractors unless they failed or refused to perform the work, provided the prime contractor first submitted in writing to the contracting agency the name of the substitute mechanical sub-contractor. Changes of the mechanical sub-contractors for reason other than failure or refusal to perform the work would require written approval from the contracting agency.

2. It is obvious that the above procedures would require additional work in the awarding and administration of lump-sum construction contracts. This office fails to see any benefits to be derived from such additional work. It is doubtful that the proposed procedure will promote any greater competition in the mechanical field than presently exists. The committee seem to feel that prime contractors have no incentive for obtaining low mechanical sub-bids. On the contrary, the prime bidders or contractors have every reason to be energetic in obtaining the lowest mechanical sub-bids, as this could result in the lowest prime bid and award of the contract. The fact that certain unethical contractors practice bid-shopping is no reason for the Government to assume the proposed administrative controls. It is believed that such controls could be obtained in the building industry by agreement between the prime bidder and the mechanical sub-bidder. This agreement could, in effect, stipulate that if the sub-bidder's proposal was the lowest bid received

DATE OF COMMENTS

SIGNATURE AND TITLE

EXTENSION

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Reply to Legislative Bill No. S.1644


5 July 1955

for a specific mechanical job and such proposal was included in the prime bid and the contract was awarded to the prime bidder, the specific mechanical work would be performed by the respective sub-bidder. Should the prime bidder breach this agreement, the mechanical sub-bidder could take legal action for the damages incurred.

3. In addition to the foregoing, this Office concurs in the comments submitted by the Atomic Energy Commission, General Services Administration and Department of Army, as contained in the Committee's report (Report No. 617) accompanying the proposed bill.

4. In view of the above, this office requests that appropriate action be taken to oppose the enactment of this bill.

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 Director of Logistics

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## ROUTING AND RECORD SHEET

INSTRUCTIONS: Officer designations should be used in the "TO" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark insufficient) before further routing. This Routing and Record Sheet should be returned to Registry.

FROM:

Director of Logistics  
1C-50, Quarters Eye

TELEPHONE NO.

651

DATE

15 July 1955

TO	ROOM NO.	DATE		OFFICER'S INITIALS	TELEPHONE	COMMENTS
		REC'D	FWD'D			
1. DD/S	126 Admin			<i>[Initials]</i>		<i>Contracts #2 Awards 5.1644</i>  <i>This bill was reported out of Senate 21 June 55 S Rep. 617 Passed Senate 27 July '55.</i>
2. Legislative Counsel/OGC						
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FORM 51-10  
1 MAY 54

PREVIOUS EDITIONS

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